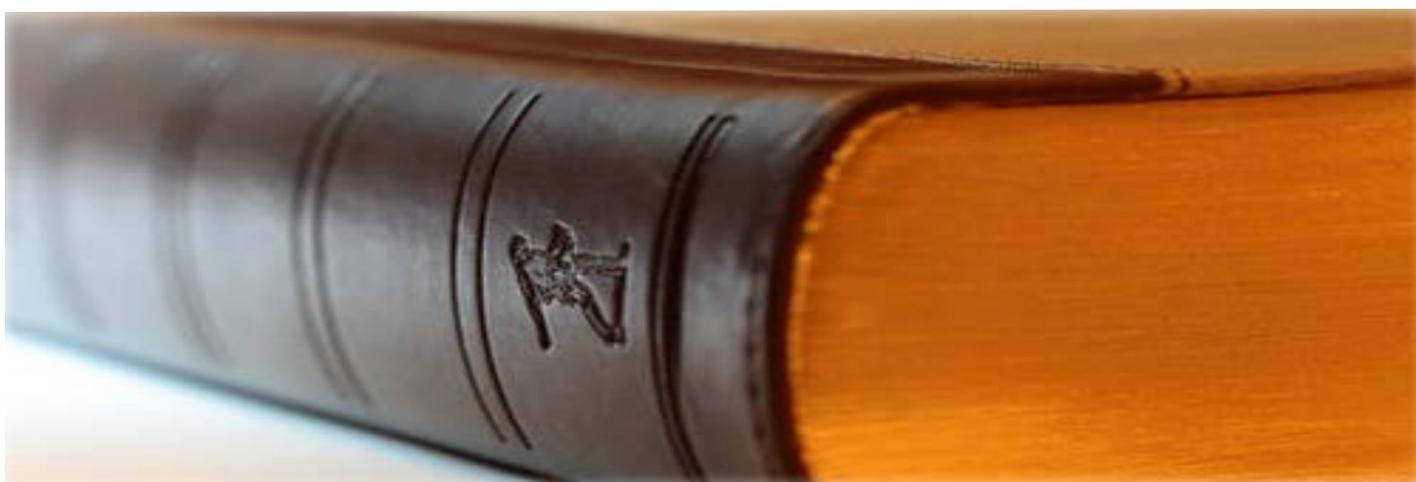


CHANGES TO THE LABOR FRAMEWORK IN 2018



Derived from the Constitutional amendments published last February 24th, 2017 regarding Labor Justice, 2018 will bring significant changes to the labor framework in Mexico, forcing companies to adapt to the new regulation, as well as to comply with the new provisions thereof.

In such regards, the Senate is discussing a project of amendments and additions to the Federal Labor Law (“Project”), which main changes are related to among others: (i) the competent authorities to hear about labor trials and the procedure through which they will solve labor controversies; (ii) the employers’ obligations, particularly regulation on outsourcing matters, and (iii) the registration of unions and Collective Bargaining Agreements and minimum representation of employees in the unions.

It is important to state that even though it is still a project of amendment, companies shall be familiar with the changes to avoid any labor contingencies.

In addition to the above, please find below some of the main aspects established in the Project:

- The judgment of labor disputes will be in charge of the labor courts of the Federal Judiciary Power, and the disappearance of the Conciliation and Arbitration Boards formerly managed by the Executive Power will take place. However, this does not imply the immediate disappearance of the Conciliation and Arbitration Boards, as it has been discussed, as they will continue to operate until all matters filed before them prior to the entering into force of the new law are concluded.
- The establishment of a mandatory conciliation procedure prior to the labor courts’ jurisdictional process, which will be in charge of the newly created Conciliation Centers, both at the federal and local level.
- The elimination of the labor subcontracting regime requirements established in article 15-A. Therefore, companies that provide services as contractors under this regime will be considered as employers, and only in the event of non-compliance the contracting party will be considered jointly and severally liable.
- The termination agreements may be ratified before the Federal Institute of Conciliation, the Conciliation state agencies, or executed privately between the parties.
- The employers are relieved from the obligation to give written notice to the employee or to the labor authority regarding the date and causes of justified termination of the employment relationship.
- The payroll receipts contained in a Digital Tax Receipt will be fully valid with respect to salary payment.
- The unions that intend to execute a Collective Bargaining Agreement shall comply with the minimum representation of the employees (at least 30% of the employees that currently work in the company).

Contact

Should you have any questions regarding the scope of the above or any other labor related matter, please do not hesitate to contact us at your earliest convenience.

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